

Prompt for breakout discussion B) for Roundtable 3: Means of implementation and support (RT Mol)

Topic: Finance: Enhancing the catalytic role of international climate finance for scaling up climate action

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Short summary of relevant findings from TD1.1.

The impacts of climate change have been present in most countries worldwide. However, those suffering the most significant damages and losses are the countries with limited capacities, including financial capacities, to respond to those negative impacts, generating additional pressure on their capacity to develop. At the same time, all countries are taking mitigation targets or actions in their NDCs, which are insufficient to stabilize global emissions. In this context, developing countries, particularly, least developed countries, require support to prepare and adapt, but more importantly, to implement measures that allow them to transit towards a low carbon and resilient climate development. International climate finance plays a significant role in those transitions since national public resources in developing countries are limited.

Progress has been made in the international climate finance agenda; however, there are remaining gaps to achieving the goals of the Paris Agreement included in Articles 2, 9 and 13. Some remaining gaps are related to the lack of a definition of climate finance, the difficulties in accessing financial mechanisms, the balance between mitigation and adaptation, achieving the \$100 billion per year mobilization goal, the determination of climate finance needs and the challenges to determining a new collective and quantified goal on climate finance. These topics need further work to achieve the catalytic effect of international finance, which could seed essential interventions that can be leveraged by other public and private resources. The scaled-up provision of international climate finance can help guide broader financial flows to support low emissions and climate-resilient development.

Prompts for discussion at TD1.2

To identify practical options to increase the effectiveness and catalytic effect of international climate finance three questions can be considered by participants:

- a. **What has to happen for developing countries to determine their needs and priorities? How can these needs be translated into clear investment plans and bankable projects? What approaches can better connect countries' needs with financial resources?**

Under these questions, participants are invited to focus on how developing countries can better assess their needs and priorities, including climate finance needs. Participants may consider how to determine what financial instruments are better suited to meet needs, and how can institutions within developing countries better connect with international finance providers. Participants may also wish to provide insights into their experiences with the approaches, methods, and practices to determine support needs and the more suitable instruments to report them, such as the NDCs, the NAPs, the TAPs, and the Enhanced Transparency Framework. Participants may also want to reflect about the support that they require to conduct these needs analysis in the coming years.

- b. **How do we continue to work toward a balance of financial support between mitigation and adaptation in practice, taking into account differences across sectors, regions, and over time?**

This question invites participants to discuss how to effectively close the gap between mitigation and adaptation finance and the role of different stakeholders. This question assesses the progress and the opportunities for increasing support for adaptation beyond the doubling adaptation finance from current levels. This taking into account the needs for adaptation, which also need to be better assessed at the local level, including the participation of local and vulnerable groups, including women, youth, indigenous, and other relevant groups.

The aim is to discuss strategies to finance effective adaptation outcomes considering the different needs at the sectorial level sectors and regions and the changing nature of adaptation measures.

c. How can climate finance be most effective at catalysing just transitions across systems?

This question focuses on understanding how to transform climate finance to achieve low emissions and resilient climate development based on a just transition, across different contexts. The aim is to discuss opportunities for increasing the effectiveness of climate finance in catalyzing just transitions at all levels, including within specific sectors, systems, regions, and diverse contexts.